

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

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XMB:SMDUBRUL

EUR:JAARMITAGE

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FM SECSTATE WASHDC

TO AMEMBASSY WARSAW IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN PL

SUBJ: RCA/CORNING TV PROJECT

REF: WARSAW 1183

WASHINGTON AGENCIES HAVE COMPLETED REVIEW OF EXIMBANK DECISION CONCERNING TERMS FOR FINANCING RCA/CORNING TV PROJECT AND CASE IS BEING SENT TO THE WHITE HOUSE FOR THE PRESIDENTIAL DETERMINATION REQUIRED UNDER THE EXIMBANK ACT. APPRECIATE AMBASSADOR'S SUGGESTION ABOUT PRESENTING DECISION TO DEPUTY PREMIER WRSZC-ZYK AND TO SEEK BEST POSSIBLE RECEPTION WITHIN THE POLISH GOVERNMENT. AMBASSADOR IS REQUESTED TO INFORM WRZASZC-ZYK OF FOLLOWING CREDIT TERMS:

CASH PAYMENT DOLS 12,454,900 (10 PCT)

EIB LOAN AT 9 PCT 68,501,950 (55 PCT)

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PRIVATE LOAN WITHOUT

EIB GUARANTEE 43,592,150 (35 PCT)

TOTAL DOLS 124,549,000 100 PCT

REPAYMENT IN SEVENTEEN SEMIANNUAL INSTALLMENTS PROVIDING FOR A TOTAL TERM FROM COMMITMENT TO FINAL REPAYMENT OF ABOUT 11 YEARS 7 MONTHS. PRIVATE LOAN REPAYED FIRST, EXIMBANK LAST. FINANCING WOULD TAKE THE FORM OF TWO CREDITS FOR RCA AND CORNING CONTRACTS RESPECTIVELY.

AMBASSADOR COULD ADVISE THAT DECISION WAS REACHED ONLY AFTER CLOSE CONSIDERATION OF ALL ASPECTS OF THE TRANSACTION INCLUDING ATTENTION TO THE HELPFUL VIEWS OF POLISH OFFICIALS WHO HAVE DISCUSSED THIS CASE IN WARSAW AND WASHINGTON. AMBASSADOR COULD POINT OUT THAT 55 PERCENT EXIMBANK DIRECT CREDIT IS UNUSUALLY LARGE FOR ANY CASE AND THAT MORE CASES WITH SUCH 55 PERCENT EXIM CREDIT HAVE BEEN DONE IN POLAND THAN ANY OTHER COUNTRY IN EXIMBANK'S GLOBAL ACTIVITY. AS EXIMBANK HAS CAREFULLY EXPLAINED TO POLISH REPRESENTATIVES, WHEN REACHING ITS JUDGMENTS ABOUT HOW MUCH IT CAN DO TO MEET COMPETITION, THAT EXIM MUST EVALUATE EACH CASE ON ITS MERITS AND ALSO CONSIDER OTHER OPERATING CONDITIONS SET FORTH BY ITS CONGRESSIONAL LEGISLATION. THESE INCLUDE FINANCIAL VIABILITY OF THE BANK, WHICH BORROWS AT PRIVATE MARKET INTEREST COSTS THE FUNDS IT LENDS, AND SUPPORTING BUT NOT DIS-PLACING AVAILABLE COMMERCIAL FINANCING.

APPRECIATE AMBASSADOR'S EFFORTS TO SUPPORT UNDERSTANDING BY POLISH OFFICIALS OF THIS DECISION. INGERSOLL

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Message Attributes

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